



Alcon[®]

Seeing Beyond Today

The Importance of Supply Chain Management in Achieving Our Global Business Vision



February 21, 2007

Alcon Origins

- A 60 year old company
- Founded in Fort Worth by Robert Alexander and William Conner. Hence, the name ALCON.



Alcon Today

World's Leading Eye Care Company



Alcon Today



Sales	\$4.9 billion in 2006
Scope	13,500 total employees 3,500 person sales force 75 local operating companies 60 physician training centers
Share	#1 or #2 position in main segments #1 share in most product categories
Science	\$3.0 billion planned R&D investment over next 5 years

Alcon's Strategy

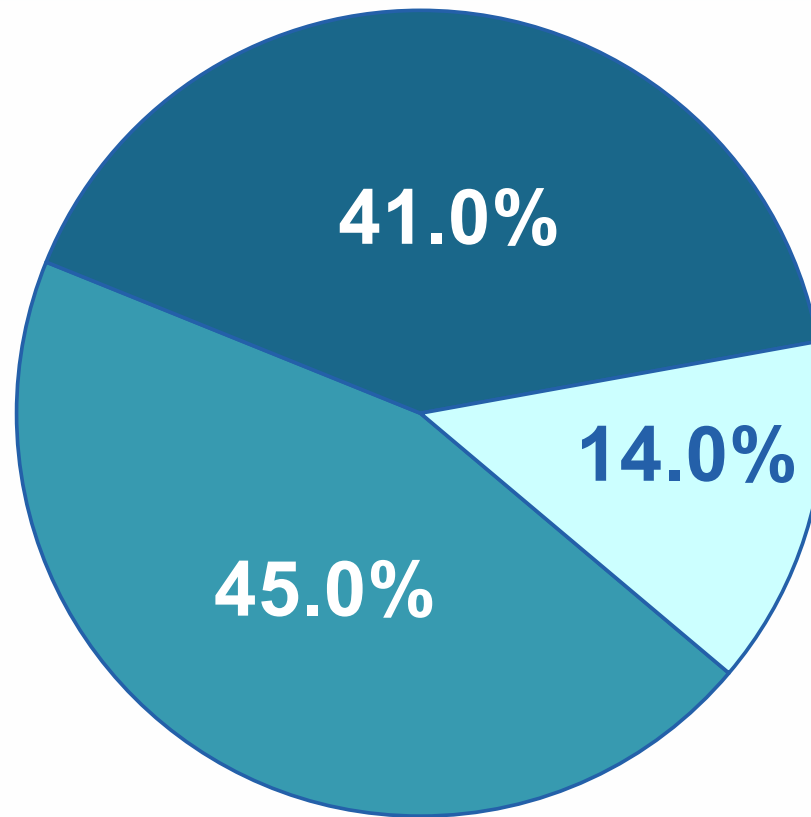


- **Maintain business focus on eye care**
- **Increase R&D investment in age related eye diseases**
- **Globalize marketing, sales and supply chain strategies**
- **Expand presence in emerging markets**
- **Capitalize on global infrastructure to gain operating synergies**

Product Sales Breakdown



FY 2006

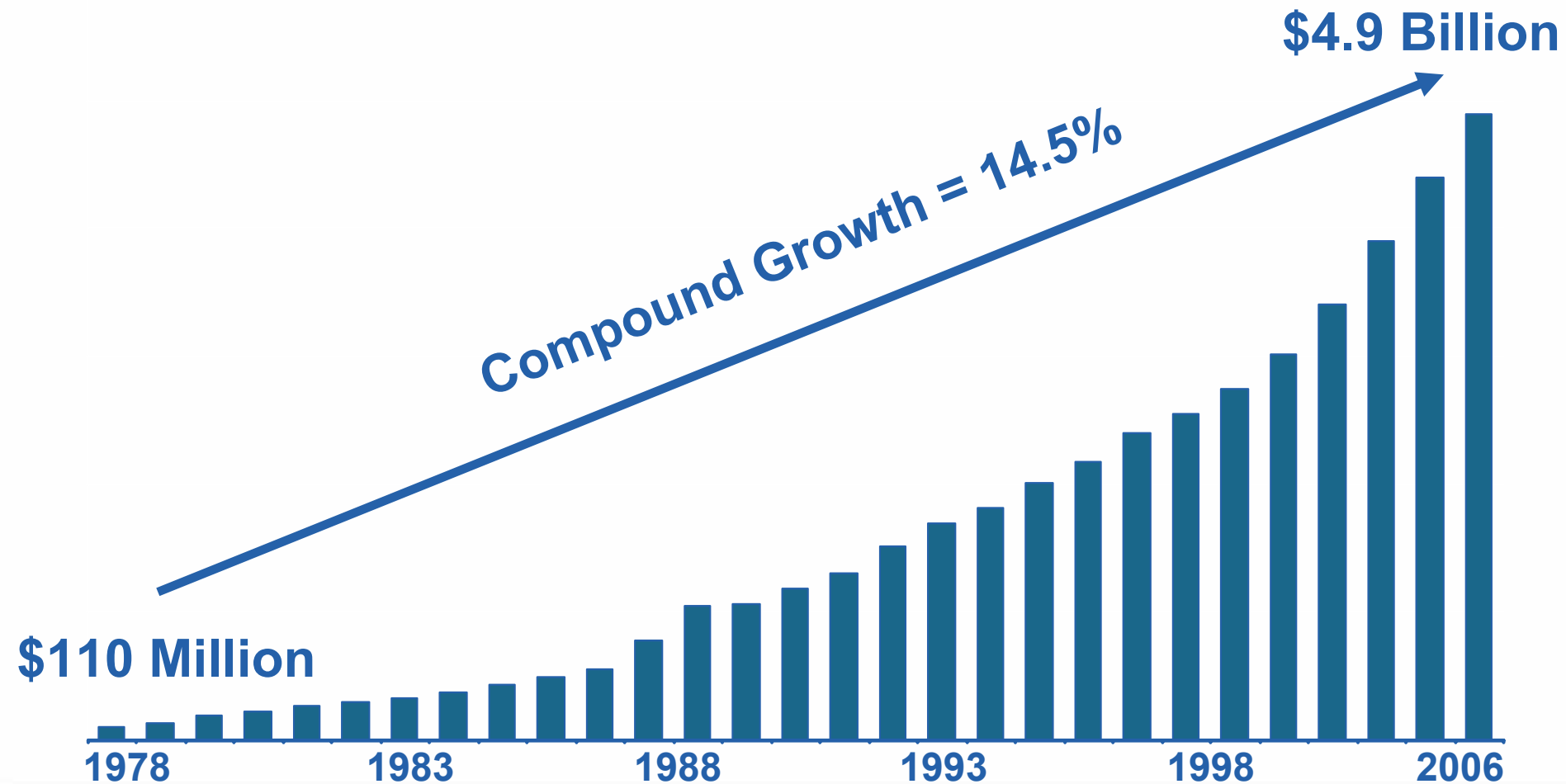


■ Surgical

■ Pharmaceutical

■ Consumer

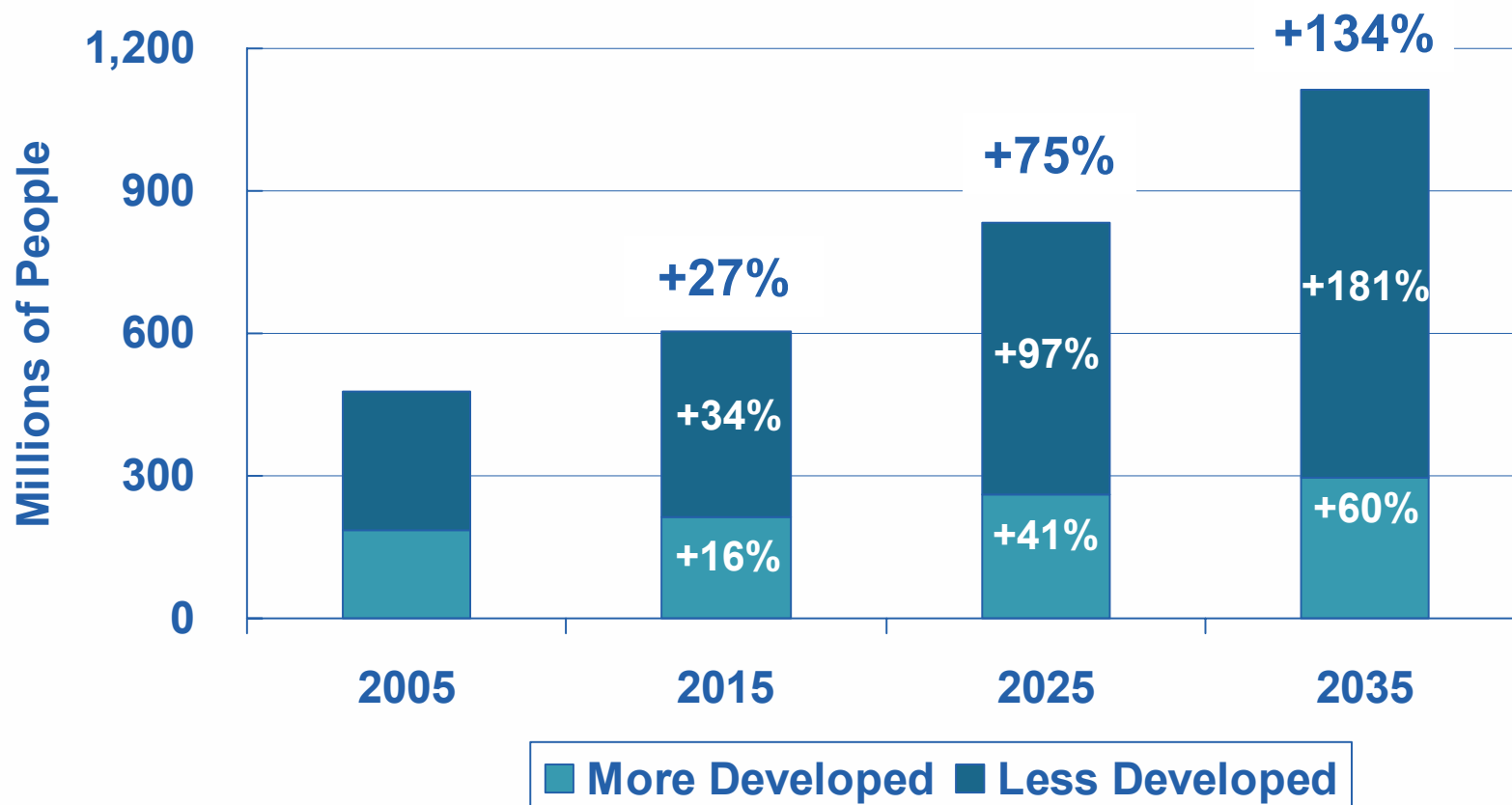
Strong and Stable Sales Growth



Favorable Demographics Diseases of Aging



Population age 65 plus



(Millions of people. Source: United Nations)

Global Reach

- 5 Research Centers
- 14 Manufacturing Plants
- 75 Operating Companies
- 60 Physician Training Centers
- 13,000 Employees

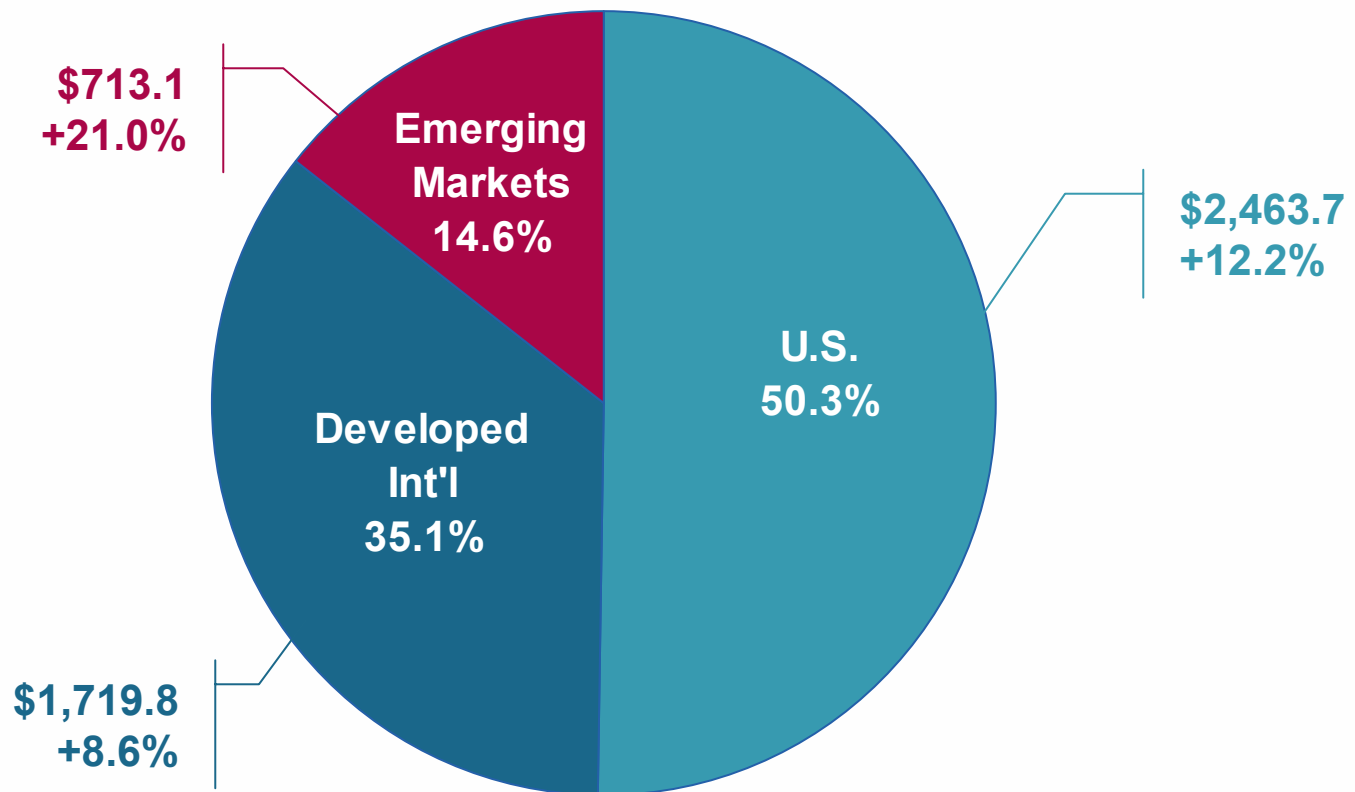
- ★ Alcon Headquarter Offices
- Alcon Research Facilities
- Alcon Manufacturing Plant
- Alcon Operating Company



2006 Geographic Sales Analysis



FY2006 Sales by Geography



(USD millions)

How Global Supply Chain supports Alcon's Global Vision



**Develop
infrastructure in
emerging markets**

**Provide Global
Real Time
Visibility**

**To be the first choice for eye care
products and the most trusted
eye care company in the world**

**Improve
Speed and
Flexibility**

**Partner with
customers and
suppliers**

Invest in Supply Chain Infrastructure in emerging markets



Within the 'BRIC' countries (Brazil, Russia, India, China) Alcon sales are growing 37%

Supply Chain Challenges in emerging markets



Brazil

- Fast growing, but a somewhat closed economy
- Trade barriers to importation, and very high importation duties on some classes of product
- Frequent changes in customs laws
- Hindered by occasional customs strikes and customs slowdowns – both import and export

Supply Chain Challenges in emerging markets



Russia

- Alcon's business growing over 70% per year
- Difficult and challenging importation and product registration requirements.
- Russia spans 11 times zones
 - Alcon Russia supports the entire country from a single DC in Moscow
 - We have Technical Service, Customer Service & Support in the far flung regions
- To move goods from Moscow to Siberia, you often must go by train, and transit can be longer than a week!

Supply Chain Challenges in emerging markets



India

- The \$796 billion economy is growing at 8.5% annually
- Underdeveloped infrastructure
 - Highways only account for 2% of roads
 - Ports are crowded and over capacity
- 13 different distribution points in India to accommodate

Supply Chain Challenges in emerging markets



China

- Estimated 200 cities with population over 1 million, with extreme congestion in most metropolitan areas
- There are no nationwide distributors in China
- It is estimated that there are over 1 million different transportation companies
- Local politics can hinder the transportation of products from one province to another

Speed, Reliability and Flexibility



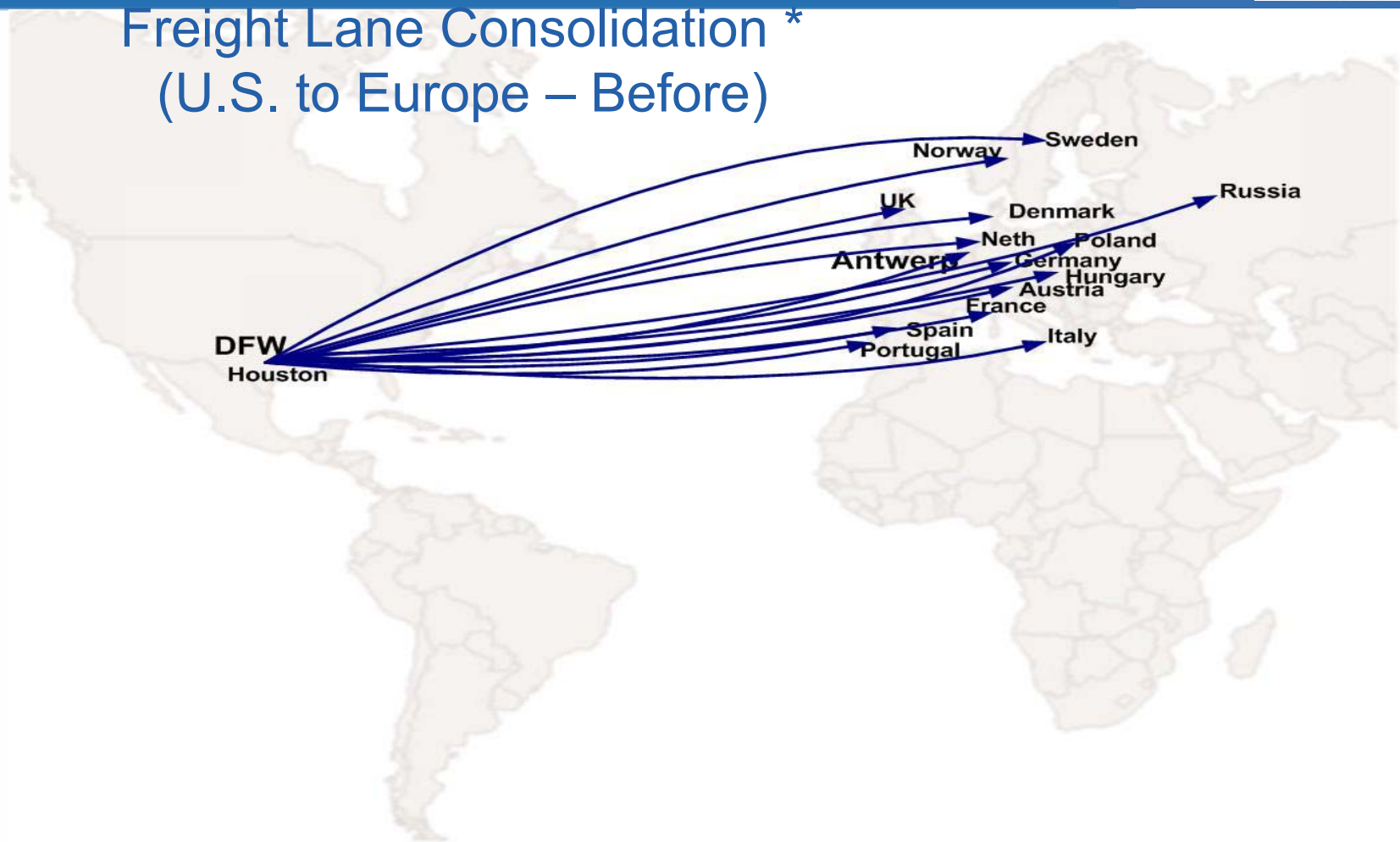
As supply chains become more **global** we must improve our **speed, reliability,** and **flexibility.**

We must reduce **cycle time** of our internal processes.

Alcon Examples – Ocean Consolidation to Europe



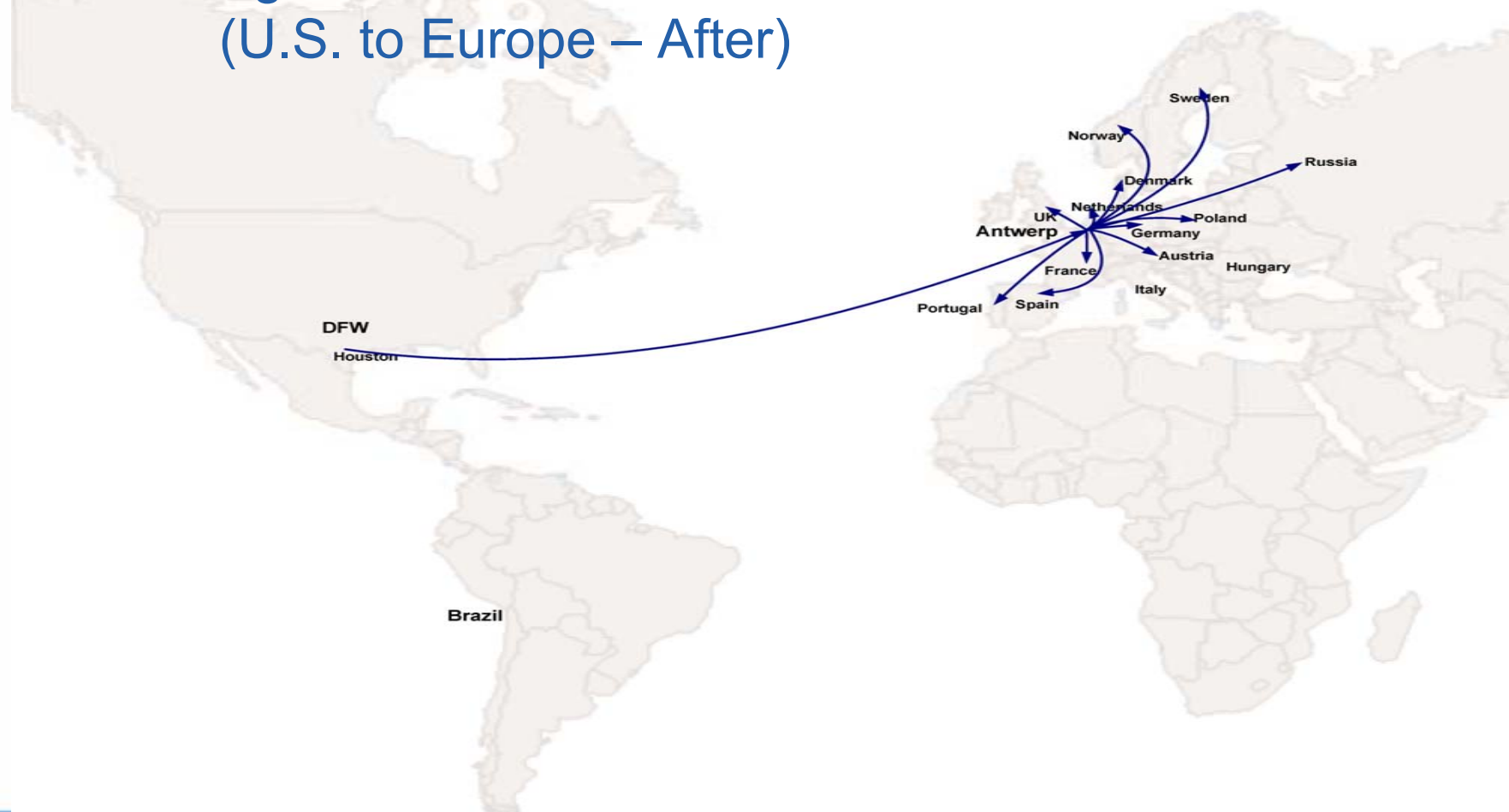
Freight Lane Consolidation *
(U.S. to Europe – Before)



Alcon Examples – Ocean Consolidation to Europe



Freight Lane Consolidation *
(U.S. to Europe – After)



Benefits – Ocean Consolidation to Europe



- **It's Faster**
- **It Costs Less**
- **It is more flexible**

Speed, Reliability and Flexibility



Future opportunities to streamline our global distribution network

- Regionalization of our global distribution network
- Consolidation of shipments
- Capability to quickly customize products

Global Real Time Visibility



As supply chains become more **global** we must have
real-time visibility to our products
wherever they may be, **anywhere** in the world.

Global Real Time Visibility



Within the Alcon global sales and distribution network

- Real Time inventories
- Real Time Demand, both Historical And Forecasted

With our transportation providers

- Visibility and tracking of in-transit shipments
 - Automatic notification of exceptions and disruptions

With our customers

- Real Time Demand
 - Point of Sale / Point of Use
- Our customer's stocks of our products

With our suppliers

- Forecasts and Production Schedules

Partnering with Customers and Suppliers



As the world becomes more **interconnected**, we must find new and novel ways to **partner** with our **customers** and **suppliers**.

Across our **global** Alcon network, **collaboration** is **indispensable** to our commitment to advance the standard medical care for eye-related diseases

Partner with Customers and Suppliers

- Today, we partner with Target and Wal-mart to co-manage or “vendor manage” inventory (VMI) for our consumer products



- The retailer provides real-time point of sale data
- We automatically replenish the shelves
- In the coming years, we expect this trend to increase globally for our consumer line
- We also expect this type of collaboration to expand in our Pharma business with drug wholesalers and distributors...
- ...and in our Surgical business with key hospitals and clinics

Partnering during extraordinary circumstances



Hemel Hempstead, England – 6:05 AM, Sunday 11th December 2005



See Next Slide,
Damage to Neighbor

Alcon Office & Warehouse

Force of Blast – Damage to Neighboring Office Building



Alcon's Buildings – Damage and Business Disruption!



Time line of Disaster and Recovery – Alcon UK Offices and Distribution



Sunday, December 11

6:05 AM Explosion at Buncefield Fuel Depot

7.10 AM Alcon UK's Business Recovery Plan Activated

- Back-up Computer and Service Centre in nearby Milton Keynes

- Corporate and Key Alcon Supply points notified

Monday, December 12

Skeleton Crew assembled in Back-up location

- AM - begin notifying customers

- PM - begin accepting customer orders (manually) and answering inquiries

Wednesday, December 14

First shipments to end-customers, direct from Alcon Belgium, Alcon France, Alcon Spain, Alcon USA

Friday, December 16

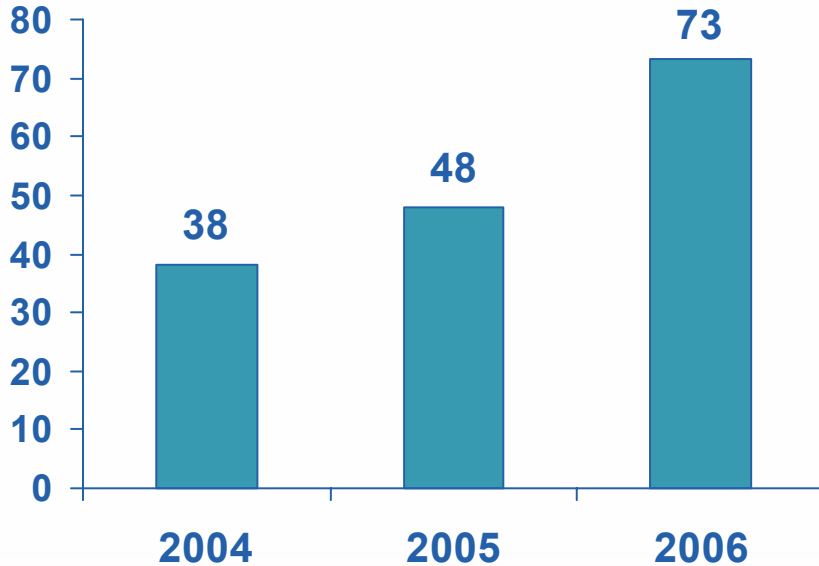
First opportunity to see premises first-hand. Offices and warehouse considered unsafe. Loss of all Inventory.

Partnering through Humanitarian Efforts



Global Humanitarian Contributions

(USD millions)



Medical Missions

- Supported 1,200 humanitarian efforts
- Involved 4,000 volunteer eye care professionals
- Programs in 90 countries
- Performed 22,000 cataract procedures

Patient Assistance Program

- 47,000 Patients in the program
- \$28.1 million worth of product

Project Focus

- Patient education and glaucoma screening
- 12 major cities

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